

Message Text

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12

ACTION EUR-12

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E.O. 11652: N/A

TAGS: ENRG

SUBJECT: BC ENERGY MINISTER WANTS FEDERAL OIL SUBSIDY

REF: VANCOUVER 353

1. BC MINISTER RESPONSIBLE FOR ENERGY, JACK DAVIS, HAS REVEALED TEXT OF LETTER TO FEDERAL ENERGY MINISTER GILLESPIE IN WHICH DAVIS ASKS FOR A FEDERAL SUBSIDY ON PRICE OF OIL IN BC. DAVIS POINTS OUT THAT FEDERAL POLICY TO CURTAIL OIL EXPORTS TO US MEANS THAT BC REFINERIES WILL HAVE TO BEAR TOTAL COST OF TRANSPORTING ALBERTA CRUDE THROUGH TRANS MOUNTAIN PIPELINE INSTEAD OF SHARING COST WITH WASHINGTON STATE REFINERIES WHO USE SAME PIPELINE. DAVIS ESTIMATES ADDITIONAL COST AT DOLS 37 MILLION IN 1977, A COST WHICH WILL BE PASSED ON TO CONSUMERS.

2. HE CONTRASTS THIS WITH EASTERN SUPPLY SITUATION SAYING THAT MORE ALBERTA CRUDE WOULD THEN FLOW EAST THROUGH EXISTING LINES AT NO EXTRA COST TO MONREAL CONSUMERS. HE POINTS OUT

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THAT SARNIA TO MONTREAL LINE IS ALREADY SUBSIDIZED BY

FEDERAL GOVERNMENT THUS GIVING EASTERN CONSUMERS A BREAK.
HE COMPLAINS THAT MONTREAL WILL THEN HAVE CHOICE OF
SUBSIDIZED ALBERTA OR MID EAST CRUDE WHEREAS BC HAS NO
ALTERNATIVE SUPPLY AVAILABLE.

3. ONE SOLUTION, OTHER THAN SUBSIDY, ACCORDING TO DAVIS,
WOULD BE PROPOSED PRINCE RUPERT TO EDMONTON LINE WHICH
COULD LINK UP WITH EXISTING TRANS MOUNTAIN LINE NEAR
JASPER, ALBERTA. BC WOULD THEN HAVE ACCESS TO OFFSHORE
OR ALASKAN CRUDE AND US PUGET SOUND REFINERIES COULD
CONTINUE USING, AND SHARING COST OF, TRANS MOUNTAIN
LINE.
4. COMMENT: WHEN PROSPECT OF PRINCE RUPERT TO EDMONTON LINE
BECAME PUBLIC ISSUE, THERE WAS LITTLE BC GOVERNMENT REACTION
AND WHAT LITTLE THERE WAS, WAS NEGATIVE. NOW SUDDENLY IN
THE PAST TWO DAYS, TWO PROVINCIAL OFFICIALS, ANDREW
THOMPSON (REFTEL) AND JACK DAVIS, HAVE MADE STATEMENTS
AS TO WHY LINE WOULD BE USEFUL TO B.C. ADDITIONALLY,
PRINCE RUPERT MAYOR (REFTEL) HAS ENDORSED THE LINE.
WHAT INITIALLY APPEARED TO BE A PROJECT OF LITTLE INTEREST
TO BC IS SUDDENLY ATTRACTING POSITIVE PROVINCIAL SUPPORT.
END COMMENT.

BURGOON

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